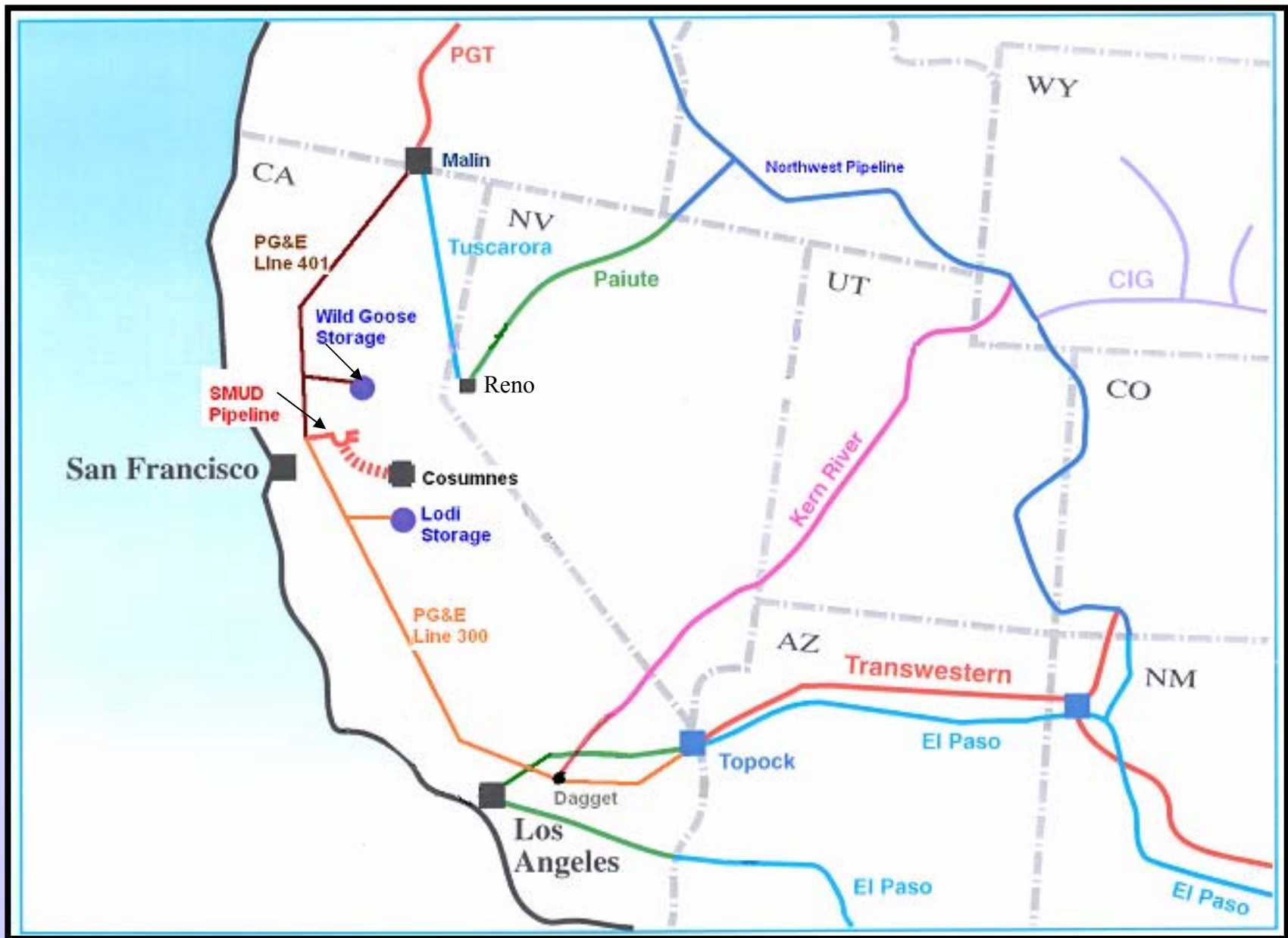


Sacramento Municipal Utility District (**SMUD**)

- Electric Utility in Sacramento County and part of Placer County serving population of 1.3 million and over 500,000 customers.
- Gas Load for 3 cogeneration facilities ~60,000 Dth/d; will double in 2005 to serve 500 MW Cosumnes Power Plant (CPP).
- SMUD owns & operates Local Transmission Pipeline serving the 3 SMUD cogen facilities; expanded in 2005 to connect to CPP.

Sacramento Municipal Utility District (SMUD)

- SMUD has equity capacity on PG&E Line 300 & 401 directly connected to the SMUD Local Transmission System.
- SMUD also has long term contract capacity on TW, Kern, and GTN/TransCanada pipelines.
- SMUD has short to medium term contracts for gas storage on PG&E, Lodi & the Wild Goose expansion.
- SMUD now own gas reserves in New Mexico.



Focus will be on Northern California

Q1. Will Marketers renew their expiring contracts on interstate pipelines at the end of 2005?

Q2. Will Marketers subscribe to new interstate pipelines or pipeline expansions, additional storage facilities, or LNG?

- There are only a few Marketers left so don't expect the same level of response as in the past.

Q3. *How much new interstate pipeline capacity, storage and/or LNG will generators of electricity in California subscribe to?*

- Generators desire Long-term Interu-state capacity to match Long-term Intrau-state capacity.
- Gas Accord reforms are stagnated.
- Storage compliments transport capacity – long-term transport with predictable costs and terms of service is needed.
- LNG is good for California.

Q4. *Will noncore customers, other than generators of electricity, subscribe to long-term interstate pipeline capacity, storage, or LNG?*

- Diverse group of customers with diverse needs, and a big inflexible utility.
- Need Market reform – so that customers can mix and match service.
- Regulators need to take a longer term view.

Q5. How much of the needed infrastructure will be provided for California's long-term needs excluding the California public utilities' commitments?

- There is no “Long-Term” transport – recent Gas Accord Proposed Decision offers only one year of certainty.
- Regulators need to lead process of Market Reform.
- Utilities have no incentive to make changes.